

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2068 - SB 2005

February 25, 2018

SUMMARY OF BILL: Creates criminal offenses relating to the marketing of alcohol and drug treatment services, including a class A misdemeanor offense, a class E felony offense, and a class D felony offense. Requires alcohol and drug treatment service providers to obtain a license from the Department of Mental Health and Substance Abuse Services (DMHSAS) and to maintain an office in this state.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$60,000/FY18-19
\$75,000/FY19-20 and Subsequent Years**

**Increase State Expenditures – Less Than \$235,100/FY18-19
Less Than \$247,500/FY19-20 and Subsequent Years**

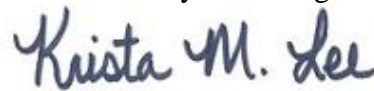
Assumptions:

- Based on information provided by the DMHSAS, the proposed legislation cannot be accommodated within existing resources. The DMHSAS will require one Licensure Surveyor position and one Attorney position.
- The one-time increase in state expenditures associated with the additional positions is estimated to be \$2,600 for computers.
- The recurring increase in state expenditures associated with the additional positions is estimated to be \$172,511 (\$121,400 salaries + \$34,635 benefits + \$10,700 professional service + \$4,576 communications + \$1,200 supplies).
- The DMHSAS will create a license category to license persons and entities as service providers that generates referrals or leads for substance abuse service providers or treatment facilities. The DMHSAS will charge a \$1,500 application fee for licensure and an annual renewal fee of \$1,500.
- It is estimated there will be an initial application of 40 licensees in FY18-19 and an additional 10 in FY19-20, resulting in a total of 50 licensees. It is estimated applications will stabilize at 50 licensees in FY19-20 and subsequent years.
- The increase in state revenue in the first year (FY18-19) is estimated to be \$60,000 (\$1,500 x 40 licensees).

- The increase in state revenue in FY19-20 and subsequent years is estimated to be \$75,000 (\$1,500 x 50).
- The increase in state expenditures associated with the additional licensing requirements is estimated to be less than \$60,000 in FY18-19 and less than \$75,000 in FY19-20 and subsequent years.
- The total increase in state expenditures in FY18-19 is estimated to be less than \$235,111 (\$2,600 + \$172,511 + \$60,000).
- The total increase in FY19-20 is estimated to be less than \$247,511 (\$172,511 + \$75,000).
- The proposed legislation creates three new felony offenses and four new class A misdemeanor offenses. The proposed legislation may result in additional misdemeanor convictions, but will not significantly impact local incarceration costs.
- There will not be a sufficient number of class A misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.
- The proposed legislation creates a class E felony offense and a class D felony offense for violation of certain prohibitions by an alcohol and drug treatment facility. Alcohol and drug treatment facilities are licensed and regulated under Title 33 of the Tennessee Code Annotated. Title 33 contains various felony offenses relative to the treatment of person.
- Statistics from the Department of Correction (DOC) show no admissions over the last 10 years for violations under Title 33. The proposed legislation is not expected to increase admissions into DOC custody.
- Doctor and other health professionals are licenses and regulation under Title 63 and Title 68. Title 63 contains various felony offenses for the unauthorized practice of medicine.
- Statistics from the DOC shows no admissions over the last 10 years for violations under title 63. The proposed legislation is not expected to increase admissions into DOC custody.
- The proposed legislation will not significantly impact state incarceration costs.
- Based on information provided by the Department of Health (DOH), the proposed legislation will not have a significant impact on the procedures and processes of the health related boards or the DOH; therefore, any fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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